MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) and (b) High transmission and distribution losses (including due to illegal connections) remain a matter of concern and are periodically reviewed.

(c) Power Finance Corporation prepared guidelines for formulation of schemes by power utilities to conduct energy audit and load survey. PFC accords priority in sanction of loan to power utilities for schemes pertaining to system improvment especially distribution schemes. These involve installation of high accuracy meters, replacement of defective meters/low accuracy conventional meters with high accuracy electronic meters which help reducing theft due to tampering of meters.

(d) In order to further help SEBs in their effort, Section 39 of Indian Electricity Act, 1910 has been amended and theft of energy has been made a cognizable offence.

(e) Various SEBs have taken steps in installation of tamper proof meter boxes, intensified surprised raids and have launched prosecution against the persons found including in theft of energy as provided for in the Indian Electricity Act.

(f) Most of the Electricity Boards have taken the suggestion of PFC seriously and have posed various schemes for improvement of their distribution systems including replacement of defective energy meters with high accuracy electronic meters.

Requests for Reversal of Power Policy

146. SHRI SURESH PACHOURI: Will the Minister of POWER be pleased to state:

(a) whether Government have received requests from various MPs and various groups to reverse the power policy as it had serious implications for the country;

(b) if so, whether a memorandum was submitted to the Prime Minister pointing out various problems faced by the country;

(c) if so, whether Government have examined these points;

(d) if so, the reaction of Government thereto;

(e) whether some of the multinational power companies have adopted the internal rate of return formula to work out the viability and tariff rates of the mega projects in the country;

(f) if so, whether the attitude of some of the foreign companies in setting up power projects in India is very rigid and will greatly affect the economy of the country; and

(g) if so, what are the clarifications that have been given in response to the memorandum submitted by MPs in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) and (b) A memorandum has been submitted by some MPs to the Prime Minister on the private power policy.

(c) Yes, Sir.

(d) The policy to attract greater private sector participation in electricity generation, supply and distribution has been formulated in the background of serious resource crunch faced by the public sector. All aspects including the points raised by the Hon'ble MPs have been carefully considered while formulating the policy.

(e) Yes, Sir.

(f) No, Sir.

(g) A brief summary is annexed statement

Statement

Note indicating the position on various issues raised by the Members of Parliament in their Memorandum to the Prime Minister.

1. *High cost of Power*

The cost per unit for electricity from private sector plants in the range of Rs. 2—Rs. 2.50 is at 1997-98 prices. The cost of power from private power plants is comparable with the cost of power from SEB/Central Sector Plants coming on stream around the same time.

2. *Cost of the Dabhol Power Plant*

The capital cost of Dabhol Power Plant of about Rs. 4.46 crores/MW includes the cost of port facilities, storage and gassification facilities. CEA have looked into the capital cost and found it to be generally in order.

3. *Import of Fuel for Dabhol Power Plant*

India is a net importer of energy sources. Therefore, importing some energy source for a power plant does not alter the overall picture of import in the country.

4. *Guaranteed rate of return*

The 16% return of equity for the generating company as its profit is one of the elements of fixed costs in the tariff calculations which can be recovered if the plant performs at 68.5% PLF. This is linked to a level of generation, thus there is no guaranteed return. It has been estimated that a return lower then this level would not be attractive to foreign investors.

Power Generation During Vlllth Plan Period

147. SHRI RAMDAS AGARWAL: Will the Minister of POWER be pleased to state:

(a) whether Government's attention have been drawn to the news item in the 'Economic Times' dated 8th February, 1994 that there is a shortfall of 10,000 MW in power sector as against the target of 30,537 MW set for the Eighth Plan period;

(b) if so, the reasons therefor;

(c) what are the details of discussions held during his recent visit to the U.S.A./U.K. for seeking foreign participation/investments in power Sector in India and the outcome thereof indicating offers made to any foreign multinational companies in this regard; and

(d) what are the power plants likely to be set up, State-wise and how far these are likely to be cheaper than the Plants in Public Sector, as reportedly stated by the Minister in New York on 7th February, 1994 indicating the basis of such conclusions/assessment made by him and conveyed to the World Bank/Foreign Power Corporations of U.S.A., U.K., etc.?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P.V. RANGAYYA NAIDU): (a) and (b) Yes, Sir. The Planning Commission has approved a target of 30537.7 MW of generation capacity addition during the 8th Five Year Plan. However, taking into consideration the current status of projects under construction, in pipeline and pending clearances from various agencies, this target may not be fully achieved. The reasons for shortfall are inadequacy of resources, inadequate investment in power sector in three or four years prior to 1992-93, delays in land acquisition, law and order and compliance with invironmental conditions.

(c) The Minister of Power recently visited Germany, USA and UK to seek foreign investment for trie Indian private Power Sector. During his visit, the Minister held detailed discussions with prospective investors, financiers, multilateral funding agencies and also with the Government officials of the these countries. The need for private sector investment in transmission and renovation and modernisation of power plants was also emphasised during the visit.

(d),So far expressions of interest have been received for setting up of 75 new